NCA
VOC FOR IOP/FN
BACKGROUNDER 1-0634
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OFFSHORE OIL PROJECTS ADVANCE

ANNCR:

A START HAS BEEN MADE ON TWO PROGRAMS DESIGNED TO OPEN FOR THE UNITED STATES NEW SOURCES OF OFFSHORE OIL... AS WE HEAR IN THIS BACKGROUND REPORT BY VOA'S JOSEPH SULLIVAN.

VOICE:

EARLIER THIS YEAR A FLOATING OIL DRILLING RIG WAS MOVED INTO THE ATLANTIC TO A POSITION OFF THE NORTHEAST COAST OF THE UNITED STATES KNOWN AS THE GEORGES BANK. LAST WEEK THE DRILL BEGAN BORING INTO THE OCEAN'S FLOOR. THE EXPLORATORY DRILLING --- SOME ONE HUNDRED SIXTY KILOMETERS OFF THE COAST OF MASSACHUSETTS -- IS BEING UNDERTAKEN TO DETERMINE WHETHER THE SAND AND SHALE FORMATIONS ON THE ATLANTIC'S FLOOR CONTAIN COMMERCIALLY EXPLOITABLE AMOUNTS OF OIL AND NATURAL GAS.

THE PROJECT IS FINANCED BY A CONSORTIUM OF THIRTY-ONE OIL COMPANIES. LATER THIS YEAR, THEY WILL HAVE A CHANCE TO BID FOR GOVERNMENT LEASES TO TRACTS COVERING AN AREA OF ABOUT FIVE HUNDRED THOUSAND HECTARES OF OCEAN. THAT'S ONLY ABOUT ONE-TENTH THE AREA THAT THE OIL COMPANIES HAD ASKED TO BE OPENED TO EXPLORATION. BIDDING FOR TRACTS ON THE GEORGES BANK HAS BEEN DELAYED BECAUSE PRELIMINARY ENVIRONMENTAL IMPACT STUDIES HAVE NOT BEEN COMPLETED.

SOME SIX THOUSAND KILOMETERS AWAY... IN THE SPRAWLING GULF OF ALASKA... OIL COMPANIES HAVE OFFERED NEARLY SIX HUNDRED THOUSAND DOLLARS FOR OIL AND NATURAL GAS LEASES. IN ALL, SEVENTY COMPANIES LAST WEEK BID ON TRACTS TAKING IN ABOUT FOUR HUNDRED THOUSAND HECTARES. THE AREA IS THE FIRST OF NINE OFF ALASKA'S SHORELINE THAT THE FEDERAL GOVERNMENT PLANS TO OPEN FOR OIL EXPLORATION.

THE ALASKAN LEASES ARE THE FIRST IN THE UNITED STATES OUTER CONTINENTAL SHELF AREA SINCE FORMER PRESIDENT NIXON IN 1974 CALLED FOR AN ACCELERATED OFFSHORE OIL PROGRAM TO MEET THE NATION'S ENERGY INDEPENDENCE GOALS. THE HAZARDS TO OIL DRILLING IN THE GULF OF ALASKA ARE WELL DOCUMENTED. INDEED, STORMS ARE MORE FREQUENT THERE THAN PERHAPS ANYWHERE IN THE NORTHERN HEMISPHERE. BUT THIS HAS NOT DAMPENED THE OIL INDUSTRY'S INTEREST...AND FOR GOOD REASONS.

THE FACT IS THE INTERIOR DEPARTMENT ESTIMATES THAT THE GULF OF ALASKA HOLDS FROM SEVEN TO FIFTEEN MILLION BARRELS OF OIL AND HUGE QUANTITIES OF NATURAL GAS. THAT PLACES THE GULF IN A CATEGORY ROUGHLY EQUAL IN TERMS OF OIL RESERVES TO PRUDHOE BAY, OFF ALASKA'S NORTHERN SLOPE. WITH THE OPENING OF THE ALASKA PIPELINE NEXT YEAR, THE UNITED STATES HOPES TO MOVE AS MUCH AS SIX HUNDRED THOUSAND BARRELS OF CRUDE OIL PER DAY FROM PRUDHOE BAY, AND LARGER AMOUNTS BY THE END OF 1977, WHEN THE PIPELINE GOES INTO FULL OPERATION.

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